

MEMORANDUM

TO: PIP Lenders and Community Agents
FROM: Bill Parker, Property Improvement Program Coordinator
SUBJECT: Program Changes
DATE: November 10, 2005 (effective January 1, 2006)

This memorandum is intended to announce the following changes to the MSHDA Property Improvement Program (PIP):

- **Borrower Origination Fee Changing from 1% to 2% for all loans**
- **Inspection Process & Fee Changes**
- **All Loan Applications Must Be Done On-Line As Of January 1, 2006**
- **Title Insurance Required for All Loans Greater Than \$25,000**
- **Additional Lender Fee Of \$100 for All Loans Greater Than \$25,000**

Borrower Origination Fee Changing from 1% to 2% for all loans

To help offset program costs, the loan origination fee charged to the Borrower(s) and added to the loan amount is being raised from 1% to 2%. This is for all loans originated (put on-line or mailed) after January 1, 2006. The minimum origination fee is still \$100, and the maximum will be \$1,000.

Inspection Process & Fee Changes

The fee for required property inspection for loans of \$7,500 or more is being raised from \$50 to \$100. The inspection must be done by the community agent or lender. MSHDA will no longer do the inspections.

The inspections must be done before a final disbursement from the Escrow Account is made. The Escrow Agent must holdback of at least 10% of the escrow funds until the inspection is done. The inspection report must be sent to MSHDA with all Disbursement Request Forms within 15 days of final disbursement.

All Loan Applications Must Be Done On-Line As Of January 1, 2006

Beginning January 1st 2006, all PIP loans must be submitted on-line. MSHDA will make exceptions only for lenders or communities that do not have internet access available in their area. Training will be set up as needed, as requested by Lenders and Community Agents. Please e-mail Bill Parker parkerw@michigan.gov or Jodi Pulido pulidoj@michigan.gov if you would like to attend a PIP training Or complete the attached training request form and fax to 517-241-6672.

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Title Insurance Required for All Loans Greater Than \$25,000

MSHDA will be self-insured for almost all loans greater than \$25,000, therefore we are requiring Title Insurance for those loans. We want to ensure that we will be in 1st or 2nd lien position. The Title Policy can be sent as part of the closing package.

Additional Lender Fee Of \$100 for All Loans Greater Than \$25,000

We are raising the fee paid to the lender from \$400 to \$500 or from \$225 to \$325 (when a community agent is involved) for all loans greater than \$25,000.

Revised PIP brochures and forms that reflect changes are forthcoming. Please call Jodi Pulido at 517-373-1974, or me at 517-373-1462 if you have any questions.

Property Improvement Program Training (Interest Form)

I am interested in attending a MSHDA Property Improvement Program (PIP) Workshop
Note: The PIP training would ½ day for on-line training and updates or a full day for complete training. There may be a small fee to cover any room charges and/or lunch (\$10-\$25 total).

NAME	
Agency/Lender Name	
Address	
City	Zip
Phone #	Fax #
E-mail	

Would you be willing to attend the PIP training at MSHDA's office in Lansing?

Would you be willing to attend the PIP training at MSHDA's office in Detroit?

If no to the above, how far would you be willing to travel to attend?

Up to 50 miles _____ 100 Miles _____ 150 Miles _____ Other _____

Fax this form to: **Bill Parker – MSHDA Property Improvement Program (PIP)**
517-241-6672